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ANNUAL REPORT JUNE 30, 1975



DIGITECH LTD.

A RESOURCE DEVELOPMENT SERVICE COMPANY



**DIRECTORS:**

William D. Black, President, Digitech Ltd., Calgary, Alberta  
John D. Boyd, Vice-President, Manager Digital Technology (London) Ltd.  
Richard Burke, Vice-President, Canadian Enterprise Development Corporation Limited, Vancouver, B.C.  
E. Keith Conrad, Partner, Conrad, Conrad, Wilson & Hawley, Calgary, Alberta  
W. Brian Martin, Vice-President, Digitech Ltd., Calgary, Alberta  
Roderick R. McDaniel, President, McDaniel Consultants (1965) Ltd., Calgary Alberta  
Donald W. Simpson, Vice-President, Digitech Ltd., Calgary, Alberta  
Donald G. Thurston, Vice-President, Industrial Products Division, Bow Valley Industries Ltd., Calgary, Alberta

**OFFICERS:**

William D. Black, President  
John D. Boyd, Vice-President  
W. Brian Martin, Vice-President  
Donald W. Simpson, Vice-President

**HEAD OFFICE:  
DIGITECH LTD.**

500, 441 - 5 Avenue S.W.  
Calgary, Alberta, T2P 2V1.

**Denver, U.S.A.:**

Digitech, Inc.  
718 - 17th Street,  
Denver, Colorado, 80202.

**United Kingdom:**

Digital Technology (London) Ltd.,  
Canbury Passage, Richmond Road,  
Kingston, Surrey, KT2 5AA.

**TRANSFER AGENTS AND REGISTRARS:**

Montreal Trust Company  
Calgary, Toronto and Vancouver

**AUDITORS:**

Price Waterhouse & Co.  
Calgary, Alberta

**LEGAL COUNSEL:**

Macleod Dixon  
Calgary, Alberta

**BANKERS:**

The Toronto-Dominion Bank  
Calgary, Alberta

**STOCK LISTED:**

Toronto Stock Exchange



## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Six Months Ended December 31			Three Months Ended December 31		
	1975	1974 As Restated	1974 As Previously Reported	1975	1974 As Restated	1974 As Previously Reported
Working capital provided by: Operations						
Profit before depreciation and amortization, income taxes, and extraordinary items . . . . .	\$379,044	\$ 83,658	\$ 84,709	\$154,062	\$ 72,034	\$ 67,753
Less income taxes — current . . . .	(20,000)	—	—	(20,000)	—	—
Add share of loss of 50% owned joint venture . . . . .	—	18,343	17,292	—	—	4,281
	359,044	102,001	102,001	134,062	72,034	72,034
Repayments on notes receivable, including change in current portion Proceeds on liquidation of 50% owned joint venture, net of advances . . . . .	2,208	28,727	28,727	1,104	—	—
Proceeds on disposal of fixed assets	23,949	37,225	—	23,949	—	—
	385,201	167,953	130,728	159,115	72,034	72,034
Working capital used for:						
Purchase of fixed assets . . . . .	38,910	89,795	39,795	29	12,144	12,144
Repayments of long-term debt including changes in current portion . . . . .	97,505	137,517	137,517	86,753	53,814	53,814
Advances to 50% owned joint venture . . . . .	—	10,934	14,728	—	5,467	12,138
Unearned revenue, reduction . . . .	136,415	238,246	202,974	86,782	71,425	83,563
Increase (decrease) in working capital . . . . .	248,786	(70,293)	(72,246)	72,333	609	(11,529)
Working capital (deficiency), beginning of period . . . . .	23,125	8,161	8,161	199,578	(62,741)	(52,556)
Working capital (deficiency), end of period . . . . .	\$271,911	\$ (62,132)	\$ (64,085)	\$271,911	\$ (62,132)	\$ (64,085)

## Note:

Restated 1974 amounts report the full effects of the liquidation of the joint-venture company, GUS-Digitech Inc. in the first quarter of fiscal 1975. The decision to terminate that company was made in September 1974, at which time normal operations ceased. Subsequent to filing fiscal 1975's first quarter report additional liquidation costs were incurred. These costs are properly accounted for in the fiscal year ended June 30, 1975.

# INTERIM REPORT TO SHAREHOLDERS

FOR SIX MONTHS ENDED DECEMBER 31, 1975



DIGITECH LTD.

500 - 441 Fifth Avenue South West  
Calgary, Alberta, Canada T2P 2V1

A natural resources service company with offices in  
Canada, England, and the U.S.A.



# REPORT TO THE SHAREHOLDERS

Profit for the first six months of fiscal 1976 is \$166,580 on billings of \$2,438,401 as compared to a loss of \$168,952 (restated) on billings of \$2,336,902 for the same period last year. I am pleased to report that a significant portion of the reported profit flowed through from our London, England Processing Centre, indicating a marked improvement over the previous year's performance.

The market for Digitech's services in Canada is improving with increased optimism and stability in the Canadian oil industry, so that we expect an improvement in Canadian revenues during the third quarter of fiscal 1976. This improvement will be offset, however, by a seasonal decline in North Sea activity affecting London billings, and by a marked decline in seismic revenues from U.S. sources.

W. D. BLACK  
President

January 29, 1976

## DIGITECH LTD.

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Six Months Ended December 31			Three Months Ended December 31		
	1975	1974 As Restated	1974 As Previously Reported	1975	1974 As Restated	1974 As Previously Reported
Revenue	\$2,438,401	\$2,336,902	\$2,336,902	\$1,166,246	\$1,217,579	\$1,217,579
Expenses						
Operating and selling	1,690,318	1,777,844	1,777,844	827,802	906,880	906,880
General and administrative	337,477	381,577	381,577	172,430	202,995	202,995
Interest						
Long-term debt	35,283	58,686	58,686	17,436	28,973	28,973
Other	(3,721)	16,794	16,794	(5,484)	6,697	6,697
Share of loss of 50% owned joint venture	—	18,343	17,292	—	—	4,281
	2,059,357	2,253,244	2,252,193	1,012,184	1,145,545	1,149,826
Profit before depreciation and amortization, income taxes and extraordinary items	379,044	83,658	84,709	154,062	72,034	67,753
Depreciation and amortization of fixed assets	158,308	123,682	123,682	74,845	70,741	70,741
Amortization of programs and systems	34,156	38,008	38,008	17,078	19,004	19,004
	192,464	161,690	161,690	91,923	89,745	89,745
Profit (loss) before income taxes and extraordinary items	186,580	(78,032)	(76,981)	62,139	(17,711)	(21,992)
Provision for income taxes						
Current	20,000	—	—	20,000	—	—
Deferred	81,000	—	—	21,400	—	—
	101,000	—	—	41,400	—	—
Profit (loss) before extraordinary items	85,580	(78,032)	(76,981)	20,739	(17,711)	(21,992)
Extraordinary items:						
Reduction in income taxes — deferred	81,000	—	—	21,400	—	—
Loss on liquidation of 50% owned joint venture	—	(90,920)	(35,000)	—	—	—
	81,000	(90,920)	(35,000)	21,400	—	—
Profit (loss) for the period	\$ 166,580	\$ (168,952)	\$ (111,981)	\$ 42,139	\$ (17,711)	\$ (21,992)
Earnings (loss) per share						
Earnings (loss) per share before extraordinary item	\$ .05	\$ (.05)	\$ (.05)	\$ .01	\$ (.01)	\$ (.01)
Extraordinary item	.05	(.05)	(.02)	.01	—	—
Earnings (loss) per share for the period	\$ .10	\$ (.10)	\$ (.07)	\$ .02	\$ (.01)	\$ (.01)
Fully diluted earnings per share						
Earnings per share before extraordinary item	\$ .04	—	—	\$ .01	—	—
Extraordinary item	.04	—	—	.01	—	—
Earnings per share for the period	\$ .08	—	—	\$ .02	—	—



# REPORT TO THE SHAREHOLDERS OF DIGITECH LTD.

DEC 5 1975

In the fiscal year ended June 30, 1975, Digitech incurred a loss of \$100,676 compared to a loss of \$105,519 for the previous fiscal year. The company's revenues increased by 18.7% over 1974 revenues to \$4,949,420. Working capital increased marginally to \$23,125.

During the year a number of major changes were made at Digitech to improve the company's financial performance. Unpromising operations were closed down, operations with good profit potential were strengthened, major policy changes were made and stringent cost control measures introduced.

The company liquidated its joint venture operation in Houston, Texas, early in the year. The company's joint venture partner elected to cease its participation, leaving Digitech the option of acquiring full ownership or liquidating the venture. In the opinion of Digitech management the prospects of bringing this operation to a satisfactory profit level did not justify the expenditure required and so the venture was liquidated. Total losses for the year on this operation amounted to \$109,263.

On the other hand, the company's wholly owned subsidiary in London, England, Digital Technology (London) Ltd., while it was not profitable in fiscal 1975, had established a solid reputation for quality work in a market which promises a good future for Digitech's full range of data processing services. As a result the company decided to strengthen this operation by the addition of a second EMR 60/70 computer, which began operation September 1, 1975. This computer effectively doubles the capacity of the London centre and greatly improves its prospects for a profitable year in fiscal 1976.

Probably the most significant accomplishment at Digitech during the year was the completion of the Digitech Seismic Processing System (DSPS). This comprehensive, modern, seismic software system was designed and programmed at Digitech to take full advantage of the capabilities of the Univac 1100 series computers. It is the result of over 18 months' concentrated development effort. Completion of this system not only ensured that Digitech will remain competitive in its seismic processing services, but has opened the door for sales of an excellent software system to other Univac 1100 series users.

Despite softness in the Canadian market, the company's Geological and Engineering Division substantially increased their sales over fiscal 1974. A significant contribution to this increase was made by the company's sales office in Denver, Colorado, which continues to make a significant impact on a very good market for Digitech services.

The Computer Service Division showed solid growth in fiscal 1975 to the point where their revenues were principally limited by the computer capacity available to them. As a result, the Board of Directors agreed to greatly increase the mass storage capacity of the company's Univac 1106 computer. This hardware change should begin to favourably impact the company's revenues and profits by October of 1975.

In the second half of the fiscal year the company initiated a tight cost control program with emphasis on increased profitability of the company's established operations. These measures, coupled with significant changes and accomplishments in 1975, give your management confidence in achieving improved financial results in fiscal 1976.

W. D. BLACK,  
President

## Consolidated Balance Sheet

	June 30	
	1975	1974
<b>ASSETS</b>		
Current assets:		
Cash and term deposits . . . . .	\$ 76,442	\$ 185,461
Accounts receivable		
Trade . . . . .	826,279	913,336
Other . . . . .	25,384	24,553
Inventories (Notes 1 and 3) . . . . .	237,674	207,222
Prepaid expenses . . . . .	16,672	29,958
Prepaid rentals . . . . .	—	210,000
Current portion of notes receivable (Note 5) . . . . .	58,708	61,260
	<u>1,241,159</u>	<u>1,631,790</u>
Notes receivable, less current portion (Note 2) . . . . .	13,248	83,731
Fixed assets, programs and systems (Note 4) . . . . .	1,027,534	1,299,897
Investment in and advances to 50% owned companies (Note 8) . . . . .	—	146,488
Other . . . . .	839	839
	<u><u>\$2,282,780</u></u>	<u><u>\$3,162,745</u></u>



	June 30	
	1975	1974
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Bank loan and overdrafts . . . . .	\$ —	\$ 392,443
Accounts payable and accrued . . . . .	652,463	662,361
Income taxes, prior years . . . . .	87,974	115,000
Unearned revenue . . . . .	47,756	27,722
Current portion of long-term debt . . . . .	429,841	426,103
	<u>1,218,034</u>	<u>1,623,629</u>
Unearned revenue . . . . .	—	10,934
Long-term debt, less current portion (Note 5) . . . . .	715,496	1,078,256
Shareholders' equity:		
Share capital (Note 6) —		
Authorized —		
5,000,000 shares without nominal or par value		
100,000 preferred shares with a nominal		
or par value of \$20 each		
Issued —		
1,634,139 shares without nominal or par value . . . . .	792,236	792,236
Deficit . . . . .	<u>(442,986)</u>	<u>(342,310)</u>
	<u>349,250</u>	<u>449,926</u>
	<u>\$2,282,780</u>	<u>\$3,162,745</u>

Commitments (Note 7)

APPROVED BY THE BOARD:

R. BURKE Director

W. B. MARTIN Director

## DIGITECH LTD.

## Consolidated Statement of Loss and Deficit

	Year Ended June 30	
	1975	1974
REVENUE .....	\$4,949,420	\$4,164,680
EXPENSES		
Operating and selling .....	3,579,857	2,957,567
General and administrative .....	873,081	700,305
Interest —		
Long-term debt .....	95,398	112,878
Other .....	30,862	39,251
Share of loss of 50% owned companies (Note 8) .....	18,343	30,177
	<u>4,597,541</u>	<u>3,840,178</u>
PROFIT before depreciation and amortization, income taxes and extraordinary items .....	<u>351,879</u>	<u>324,502</u>
Depreciation and amortization of fixed assets .....	288,190	225,811
Amortization of programs and systems .....	73,445	36,725
	<u>361,635</u>	<u>262,536</u>
PROFIT (LOSS) before income taxes and extraordinary items .....	(9,756)	61,966
Provision for income taxes — deferred (Note 9) .....	47,500	93,000
LOSS before extraordinary items .....	<u>(57,256)</u>	<u>(31,034)</u>
Extraordinary items:		
Loss on liquidation of 50% owned joint venture (Note 8) .....	(90,920)	—
Reduction in income taxes — deferred (Note 9) .....	47,500	93,000
Costs related to the amalgamation .....	—	(167,485)
	<u>(43,420)</u>	<u>(74,485)</u>
LOSS for the year (Note 1) .....	(100,676)	(105,519)
DEFICIT, beginning of year .....	(342,310)	(236,791)
DEFICIT, end of year .....	<u><u>\$(442,986)</u></u>	<u><u>\$(342,310)</u></u>
LOSS per share:		
Loss per share before extraordinary items .....	\$ (.03)	\$ (.02)
Extraordinary items .....	(.03)	(.05)
LOSS per share for the year .....	<u><u>\$ (.06)</u></u>	<u><u>\$ (.07)</u></u>



# Consolidated Statement of Changes in Financial Position

	Year Ended June 30	
	1975	1974
<b>WORKING CAPITAL PROVIDED BY:</b>		
Operations:		
Profit before depreciation and amortization,		
income taxes and extraordinary items . . . . .	\$351,879	\$ 324,502
Add share of loss of 50% owned companies. . . . .	18,343	30,177
	370,222	354,679
Proceeds on disposal of equipment. . . . .	623	249,277
Repayments on notes receivable, including		
change in current portion. . . . .	70,483	67,389
Proceeds on liquidation of 50% owned company,		
net of advances. . . . .	37,225	—
Issue of capital stock. . . . .	—	75,000
Issue of long-term debt. . . . .	—	902,500
Prepaid rentals. . . . .	—	210,000
Unearned revenue. . . . .	—	10,934
Other. . . . .	—	87
	<u>478,553</u>	<u>1,869,866</u>
<b>WORKING CAPITAL USED FOR:</b>		
Purchase of fixed assets. . . . .	89,895	309,660
Purchase of programs and systems. . . . .	—	349,265
Unearned revenue, reduction. . . . .	10,934	—
Advances to 50% owned companies. . . . .	—	151,242
Repayment of long-term debt and changes		
in current portion. . . . .	362,760	699,657
Amalgamation expenses. . . . .	—	48,389
	<u>463,589</u>	<u>1,558,213</u>
Increase in working capital. . . . .	14,964	311,653
Working capital (deficiency) at beginning of year. . . . .	8,161	(303,492)
Working capital end of year (Note 5). . . . .	<u>\$ 23,125</u>	<u>\$ 8,161</u>

(For comparative purposes certain 1974 amounts were restated.)

DIGITECH LTD.

## Notes to Consolidated Financial Statements

June 30, 1975

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### PRINCIPLES OF CONSOLIDATION —

The consolidated financial statements of Digitech include the accounts of its wholly owned subsidiaries:

- Digitech Systems Co. Ltd.
- Digital Technology (London) Ltd.
- EDP Engineering Data Processors Ltd. (inactive)
- Digitech, Inc. (inactive)
- Digitech International Ltd. (inactive)

Foreign currency balances are expressed in Canadian dollars on the following basis:

Current assets and liabilities — at year end exchange rates

Other assets and liabilities — at historical exchange rates

Revenues and expenses — at average monthly exchange rates for the year, except provisions for depreciation and amortization translated on the same basis as the related assets.

**INVENTORIES** of geological and geophysical work in progress are valued at the lower of cost or estimated realizable value; other inventories at the lower of cost or replacement cost.

**DEPRECIATION AND AMORTIZATION** is on a straight line basis at rates designed to amortize costs over useful lives: computer equipment and accessories over approximately six years assuming no salvage values (prior to fiscal 1975 — five years and estimated salvage values of approximately 20% of cost); furniture and fixtures over 10 years; and leasehold improvements over the terms of the leases. Costs of programs, systems and data purchased from others are amortized over a period of 5 years. The undepreciated or unamortized cost of any items having doubtful future revenue potential are written off. Current program development costs are expensed as incurred.

**CHANGE IN ACCOUNTING POLICY.** In fiscal 1975 the company changed its method of valuing work in progress from a percentage of completion basis to a cost basis. On the old basis, work in progress at June 30, 1975 would have been approximately \$201,000 and the fiscal 1975 loss after extraordinary items would have been approximately \$32,000 or \$ (0.02) per share.

### 2. AMOUNTS OWING FROM DIRECTORS AND OFFICERS:

Notes receivable include amounts owing from officers of \$16,560, of which \$3,312 is included in current portion. These amounts arose as a result of share purchase agreements.

### 3. INVENTORIES:

	1975	1974
Computer tapes, spare parts, and supplies . . . . .	\$105,563	\$ 87,814
Work in progress . . . . .	132,111	119,408
	<u>\$237,674</u>	<u>\$207,222</u>



#### 4. FIXED ASSETS, PROGRAMS AND SYSTEMS:

	Cost	Accumulated depreciation and amortization	1975 Net book value	1974 Net book value
Computer equipment and accessories . . . . .	\$1,285,755	\$763,735	\$ 522,020	\$ 705,746
Furniture and fixtures . . . . .	158,128	75,496	82,632	83,644
Leasehold improvements . . . . .	222,693	38,907	183,786	197,967
	<u>1,666,576</u>	<u>878,138</u>	<u>788,438</u>	<u>987,357</u>
Programs and systems . . . . .	349,265	110,169	239,096	312,540
	<u>\$2,015,841</u>	<u>\$988,307</u>	<u>\$1,027,534</u>	<u>\$1,299,897</u>

#### 5. LONG-TERM DEBT:

	1975	1974
Conditional sales agreements payable, bearing interest rates of 8 % to 11 %, secured by retention of title to specific equipment, due in equal monthly instalments including principal and interest of approximately \$19,500 . . . . .	\$ 206,247	\$ 409,365
Subordinated convertible 7 <sup>3</sup> / <sub>4</sub> % notes payable to two principal shareholders, unsecured, carrying restrictions on incurring debt and lease commitments and other matters, repayable in 5 equal annual instalments from 1976 to 1980, inclusive (i) . . . . .	612,500	612,500
Chattel mortgage, bearing an interest rate of 13 %, secured by specific equipment, due in equal monthly instalments including principal and interest of \$3,414 . . . . .	121,031	138,971
Conditional sales agreement, secured by programs and systems payable in annual instalments of \$56,250 . . . . .	110,068	168,750
Agreement for sale repayable in fiscal 1976 . . . . .	45,000	60,000
Notes payable, in fiscal 1976, interest at 1.5 % above New York prime rate (secured by notes receivable of \$54,526 due in fiscal 1976 which notes are in turn secured by equipment) . . . . .	49,074	98,147
Other . . . . .	1,417	16,626
	<u>1,145,337</u>	<u>1,504,359</u>
Less: Current portion, including arrears (ii) . . . . .	<u>429,841</u>	<u>426,103</u>
	<u>\$ 715,496</u>	<u>\$1,078,256</u>

Amounts due in each of the next 5 years:

Fiscal 1976	\$429,841
1977	220,010
1978	158,340
1979	142,146
1980	122,500

- (i) Interest on the 7<sup>3</sup>/<sub>4</sub> % Subordinated Notes payable is included in accounts payable and accrued in the amount of \$73,716. Of this amount \$69,344 is in arrears. Failure to pay interest due, following notice by the lender, results in the full balance of the principal amount of the notes becoming immediately due and payable. Since such notice has not been given and since the lenders have indicated that they do not, at present, intend to give notice during fiscal 1976, only the portion of principal due in fiscal 1976 (\$50,000) has been included in current portion of long-term debt.
- (ii) Under the terms of certain of the conditional sales agreements, failure to make a payment on time results, at the lender's option and upon notice, in the full balance becoming due and payable. The amount shown as current portion includes only fiscal 1976 payments due together with arrears to date. If the company had received notice on all such debt in arrears, the current portion and current liabilities would have increased by \$87,000 and working capital now shown as \$23,000 would become a deficiency of \$64,000.

## 6. SHARE CAPITAL:

Of the authorized but unissued common stock, 641,162 shares are reserved for the following:

	Number of Shares	Issue Price	Expiry Date
7 <sup>3</sup> / <sub>4</sub> % Subordinated Notes . . . . .	275,644	\$0.91	November 1, 1980
7 <sup>3</sup> / <sub>4</sub> % Subordinated Notes . . . . .	292,338	1.24	November 1, 1980
Employee Incentive Stock Option Plan based on plan approved July 31, 1975 . . . . .	73,180	0.40	July 31, 1980
	<u>641,162</u>		

## 7. COMMITMENTS:

The company's equipment lease commitments total approximately \$754,000 per year through 1981, and leases covering office space in all locations total \$260,000 per year expiring in various years; \$230,000 in 1983.

The company has issued an irrevocable letter of credit of \$210,000 which reduces the company's bank line of credit accordingly. The line of credit is secured by an assignment of accounts receivable.

## 8. LOSS ON LIQUIDATION OF 50% OWNED JOINT VENTURE:

In September 1974 the decision was made to terminate the joint venture company, GUS-Digitech, Inc. Share of losses up to time of liquidation amounted to \$18,343. The loss on liquidation amounted to \$90,920.

## 9. INCOME TAXES:

No provision has been made for possible future tax benefits which may result from claiming costs not previously claimed for tax purposes. As a result of claiming certain of these costs in fiscal 1975 the company reduced taxes otherwise payable by approximately \$47,500. This reduction has been shown as an extraordinary item, calculated as follows:

Loss before taxes and extraordinary items . . . . .	\$ (10,000)
Add back equity in net losses of 50 % owned joint venture . . . . .	18,000
Losses of U.K. subsidiary . . . . .	87,000
Accounting income on a tax basis . . . . .	<u>\$ 95,000</u>
Assuming a 50 % tax rate . . . . .	<u>\$ 47,500</u>



At June 30, 1975 the undepreciated cost of fixed assets, programs and systems for Canadian tax purposes exceeded the related amounts, for accounting purposes, by approximately \$1,000,000. Actual tax losses carried forward amount to approximately \$134,000 and are claimable to 1979 (\$18,000) and 1980 (\$116,000). Assuming a 50% tax rate, possible future Canadian tax benefits could amount to \$567,000.

In addition, the U.K. subsidiary incurred losses, on a cumulative basis, of approximately \$205,000 of which approximately \$196,000 has been carried forward for tax purposes.

#### **10. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:**

During fiscal 1975 ten directors and six officers received remuneration for the year amounting to \$3,400 and \$147,756 respectively. Officers also serving as directors received no remuneration in the capacity of directors.

#### **11. UNITED KINGDOM OPERATIONS:**

An office was opened in London in 1971 but it was not until March 1974 that independent facilities were installed to serve industry in general. Losses (mainly as a result of start up costs) of approximately \$118,000 were incurred in fiscal 1974. Losses for fiscal 1975 were reduced to approximately \$87,000. The company's net investment in the U.K., at June 30, 1975, amounted to approximately \$335,000 (advances of \$540,000 less losses to date). Management has recently made the decision to send a second (leased) computer to London. The future success of the London operation will be largely dependent upon securing an adequate share of the existing market; in management's opinion this will be achieved and the investment will be recovered.

## Auditors' Report

To the Shareholders of  
Digitech Ltd.

We have examined the consolidated balance sheet of Digitech Ltd. as at June 30, 1975 and the consolidated statements of loss and deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As outlined in Note 11, the United Kingdom subsidiary has incurred significant losses since March 1974 and the recovery of the net investment is dependent upon future events with respect to which we are unable to form an opinion.

In our opinion, subject to the effect of adjustments which may be required should the carried value of the United Kingdom investment not ultimately be recovered, these consolidated financial statements present fairly the financial position of the companies as at June 30, 1975 and the results of their operations and changes in their financial position for the year then ended, in accordance with generally accepted accounting principles which, except for the change in the method of valuing work-in-progress referred to in Note 1 to the financial statements, have been applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.  
Chartered Accountants

Calgary, Alberta  
September 5, 1975



# Digitech Services

## SEISMIC DATA PROCESSING

Processing land and marine seismic data continues to be Digitech's largest revenue producer. Our processing groups have developed an expertise in most of the world's active exploration areas.

Data has been processed from the high Arctic, Mackenzie Delta/Beaufort Sea, the Northwest Territories, the Western Plains, Hudson's Bay, the Labrador Shelf, and the East Coast of Canada. In addition, the seismic division enjoys a reputation for high quality work in the North Sea, southeast Asia, the Michigan/Illinois Basins, Texas, the Gulf of Alaska, and the Rocky Mountain Region and Gulf Coast, U.S.A.

## COMPUTER SERVICES

Digitech provides remote job entry and time sharing on the Univac 1106 computer. Block time is purchased by a variety of companies throughout Western Canada engaged in various aspects of the resource industries. Support and training in the use of the 1106 Operating System is provided by Computer Services Division personnel.

## OMEGA WELL FILE SYSTEM

The Omega system contains computerized information for more than 80,000 Western Canadian oil, gas and exploration wells. The completion of a Conversational software package for accessing the Alberta Production Data File has resulted in steady increase in usage.

## PRODUCTION DATA SYSTEM

Historical production data from wells in Alberta and British Columbia are maintained in a computerized file. Clients may assess production histories, pressure calculations, flows and other information.

## SONIGRAMS

These are Digitech forms of synthetic seismograms which include a library of 8,500 wells in Western Canada, the Arctic Islands, east coast and parts of the United States.

## SEISPLOT

Digitech creates digital files of seismic reflections. Subsequent retrieval and processing with mathematical interpretation and graphical output saves clients professional and clerical effort.

# Digitech Services

## **CUSTOM FILES**

The company has software which can manipulate, list and create files of client-supplied data. This data can be merged with existing file data and retrieved and displayed as lists, charts or maps.

## **POTENTIAL FIELD DATA PROCESSING**

Digitech offers a varied range of services for the processing, display, and interpretation of gravity and magnetic geophysical data.

## **DIGITIZING**

Analog information is converted to digital information from source material such as well logs, seismic sections, contoured maps, water depth maps, etc.

## **COMPUTER GRAPHICS**

Digitech has a wide range of graphic display devices — including a flatbed plotter, an electrostatic plotter, a seismic plotter.

## **SOFTWARE SALES**

The company is continually upgrading existing programs and developing new techniques for handling earth science related data. Completion of the Digitech Seismic Processing System (DSPS), and upgrading of much of the company's files and graphics' software gives Digitech an impressive array of exploration software available for sale or lease.

## **FACILITIES MANAGEMENT**

Digitech offers computer facilities management services in Canada and the U.K. The extensive experience of the Digitech operations group ensures efficient, reliable computer operations.





